

PURSuing EXCELLENCE IN ASSESSMENT POLICY AND SERVICES FOR SASKATCHEWAN

SAMA

Saskatchewan Assessment
Management Agency

ANNUAL REPORT

2007

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Management Agency



SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY



VISION

SAMA is the recognized leader and authority on property assessment in Saskatchewan, and the service provider of choice for Saskatchewan's local governments.

MISSION

Under legislative mandate, SAMA develops, delivers and promotes a cost-effective property assessment system for Saskatchewan that is accurate, up-to-date, universal, equitable and understandable.

To do this we focus on five key responsibilities:

REGULATORY

We provide regulatory management of the property assessment system by determining methods of valuation, establishing rules of assessment, and preparing assessment manuals for assessors and appraisers.

DATABASE

We compile, manage and process a central information database of property assessment values and records.

QUALITY ASSURANCE

We conduct quality assurance audits to ensure accurate property assessment values by supervising the administration of the assessment provisions of the municipal Acts, and confirming municipal assessment rolls.

ASSESSMENT SERVICES

We provide property assessment valuation and defence of value services to municipalities.

COMMUNICATIONS

We provide information, consultation and education on property assessment practices to local governments and the public.

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LETTER OF TRANSMITTAL FROM THE MINISTER

The Honourable Gordon L. Barnhart
Lieutenant Governor
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4T 1B7



Bill Hutchinson
Minister of
Government Relations

Your Honour:

I have the honour to submit the 2007 Annual Report for the Saskatchewan Assessment Management Agency.

The Saskatchewan Assessment Management Agency operates on the calendar year. This report documents the period January 1, 2007 to December 31, 2007.

Respectfully submitted,

Bill Hutchinson

Bill Hutchinson
Minister of Government Relations

Honourable Bill Hutchinson
Minister of Municipal Affairs
Room 307, Legislative Building
Regina SK
S4S 0B3

Mr. David Marit, President
Saskatchewan Association of Rural Municipalities
2075 Hamilton Street
Regina SK
S4P 2E1


Mr. Roy Challis, President
Saskatchewan School Boards Association
400, 2222 - 13th Avenue
Regina SK
S4P 3M7

Mayor Allan Earle, President
Saskatchewan Urban Municipalities Association
200, 2222 - 13th Avenue
Regina SK
S4P 3M7

Dear Sirs:

On behalf of the Board of Directors, I respectfully submit the 2007 Annual Report of the Saskatchewan Assessment Management Agency. The information in this report documents the period January 1, 2007 to December 31, 2007.

Yours sincerely,

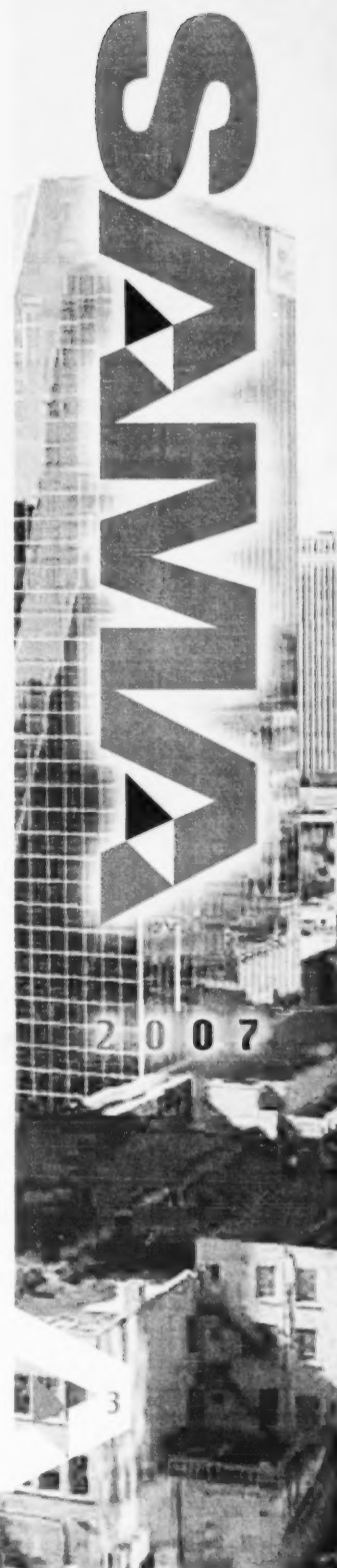


Craig Melvin
Chair, Board of Directors



Craig Melvin
SAMA Chair

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CORPORATE PROFILE

The Saskatchewan Assessment Management Agency (SAMA) was formed in 1987 by *The Assessment Management Agency Act* to develop a fair property assessment system and to provide municipalities and school divisions with cost-effective assessment services.

Responsibility for both the assessment system and assessment services – formerly held by the provincial government – was given to the independent Agency based on the recommendation of the Local Government Finance Commission. The Commission stated that the change would overcome a lack of local government authority in the assessment function, ensure adequate resources for the long-term, provide needed research and policy development, and establish a higher priority for the assessment function.

SAMA is funded jointly by the Province, municipalities, and school divisions. The Agency receives statutory funding from the Province for provincial program services: assessment policy research, a central database of assessment information, assessment information for provincial programs, and quality assurance. The Ministry of Education pays the education sector requisition on behalf of school divisions. The balance of the Agency's revenue is provided by those municipalities that use the Agency's assessment services, and is obtained through a municipal requisition.

SAMA provides assessment valuation services to 783 urban, northern and rural municipalities. It is responsible for the assessed values of approximately 762,800 properties in the province. SAMA's central office is located in Regina. The Agency provides assessment services to municipalities from six regional offices – Melfort, Regina, Saskatoon, Swift Current, Weyburn and Yorkton – and one rural office in North Battleford. In 2006, SAMA began providing assessment services under a fee-for-service contract to the City of Moose Jaw.

For 2007, the Agency's eleven-member Board of Directors, appointed by the Lieutenant Governor in Council, consisted of:

- two members named by the Saskatchewan Association of Rural Municipalities (SARM);
- one member named by the Saskatchewan Urban Municipalities Association (SUMA) for urban and northern municipalities under 30,000;
- one member named by SUMA for cities with a population exceeding 30,000;
- two members named by the Saskatchewan School Boards Association;
- three members nominated by the Minister of Municipal Affairs;
- one member nominated by the Minister of Municipal Affairs based on a recommendation by the Minister of Education; and
- the chairperson of the Board, who is nominated by the Minister of Municipal Affairs after consultation with SARM, SUMA and the Saskatchewan School Boards Association.

To hold membership on the SAMA Board, the municipal and school division members must themselves be elected local government officials. Board members are appointed for a maximum three-year term and may be reappointed to subsequent terms.

The SAMA Board maintains advisory committees to review policies and practices respecting assessments and to make recommendations to the Board concerning those policies and practices. Three of these committees are statutory:

- Urban Advisory Committee, representing urban and northern municipalities under 30,000 population;
- City Advisory Committee, representing cities with a population over 30,000; and,
- Rural Advisory Committee, representing rural municipalities.

One additional committee has been established by the Board:

- Commercial Advisory Committee, representing commercial and industrial property owners and others with similar interests;

SAMA also maintains a number of administrative committees to receive input and consultation on more detailed, procedural, technical and legislative issues:

- The City Assessors/SAMA Committee, representing assessment professionals from across Saskatchewan. This group, which includes two Board members as observers on the committee, is currently focused on issues related to implementing a 2009 market value assessment system for urban properties.
- The Legal and Legislative Review Committee, representing legal counsel and technical experts from SAMA, the Cities, the Saskatchewan School Boards Association, the provincial ministries of Municipal Affairs, Education, Justice and Attorney General. This group provides the Agency with valuable input and feedback on any proposed regulatory or legislative changes.

In addition to regular meetings of the advisory committees, SAMA holds an annual meeting, to which municipalities and school divisions can send voting delegates. Business conducted at the meeting includes:

- hearing the annual report of the Board of Directors;
- considering and adopting resolutions put forth by municipalities and school divisions;
- considering changes proposed by the Agency to assessment legislation; and
- considering any reports made by the Agency on matters such as assessment policy or practice and assessment administration.

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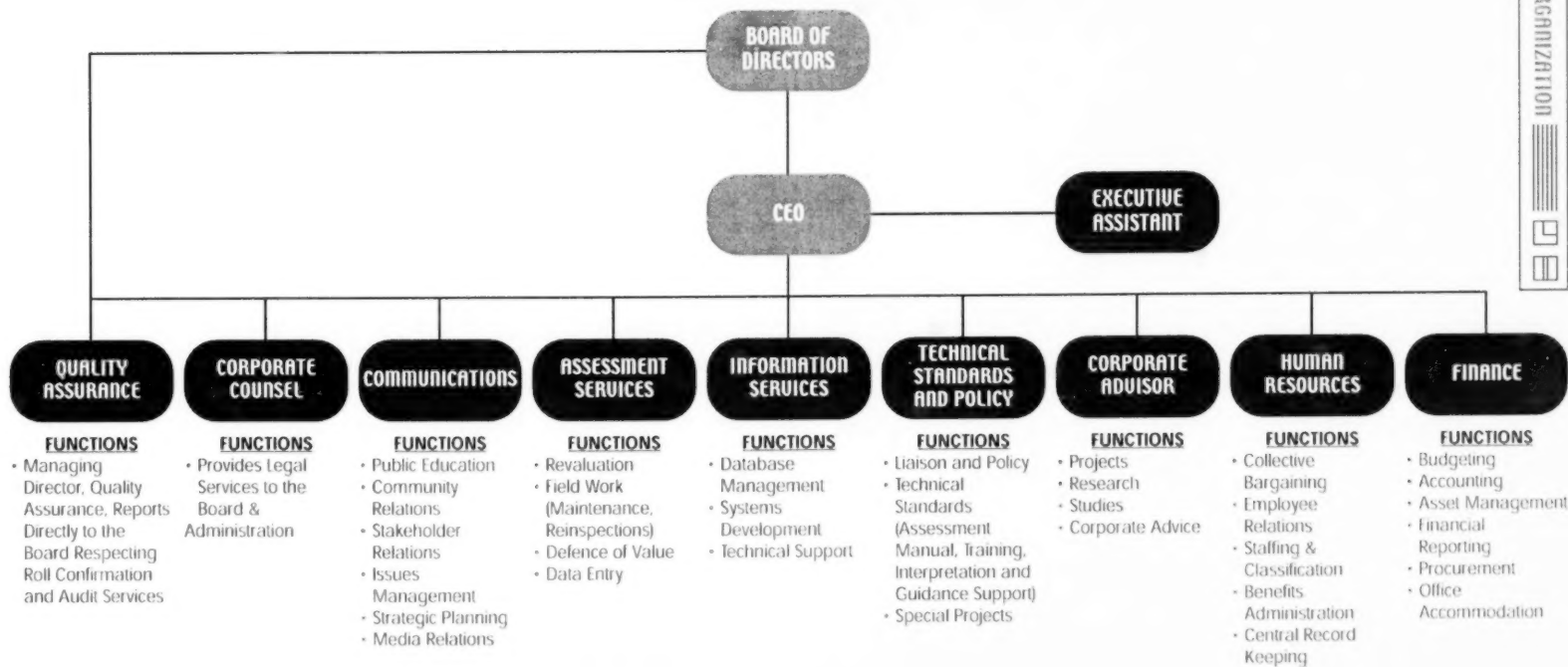




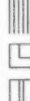


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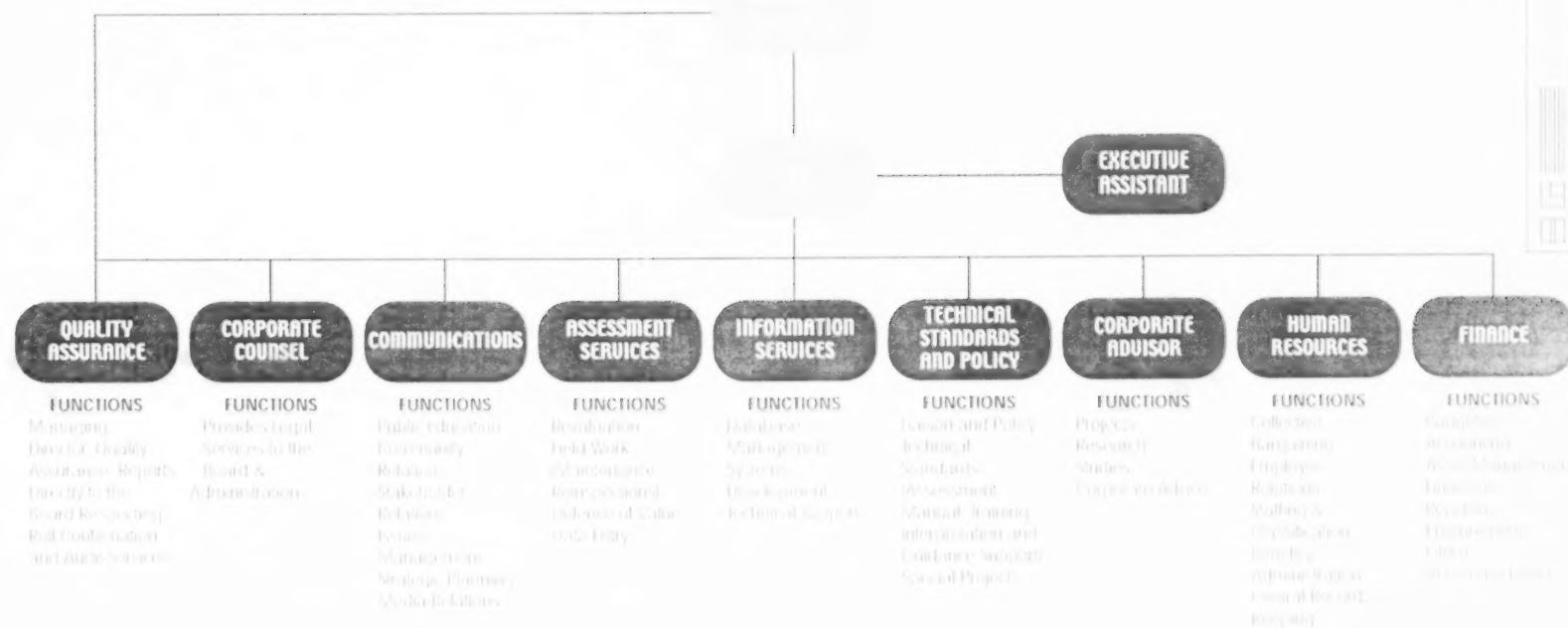

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BOARD OF DIRECTORS



Back row, left to right: **Dan Danielson**, representing Boards of Education; **Arthur Scherr**, representing the Province; **Craig Melvin**, Chair, representing the Province; **Fred Clipsham**, representing Urban; **Ron Thomas**, representing the Province; **Ray Sass**, representing Boards of Education

Front row, left to right: **Darryl Senecal**, representing Rural; **Rick Brunsdon**, representing the Province; **Sharon Armstrong**, representing Urban; **Carol Carson**, representing the Province (term began: September 1, 2007); **John Wagner**, representing Rural; **Robert Schultz**, representing the Province (term expired: June 29, 2007)

EXECUTIVE TEAM



Back row, left to right: **Betty Rogers**, Managing Director, Human Resources; **Brad Korbo**, Managing Director, Technical Standards and Policy; **Timothy Furlong**, Managing Director, Assessment Services; **Stuart McDonald**, Corporate Advisor; **Gordon Senz**, Managing Director, Quality Assurance; **George Dobni**, Managing Director, Finance
Front row, left to right: **Penny Gingras**, Executive Assistant; **Rick Lee**, Managing Director, Information Services; **Irwin Blank**, Chief Executive Officer; **Dona-Lynn Morley**, Corporate Counsel; **Margaret Duffy**, Managing Director, Communications and Planning

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The SAMA Board of Directors is responsible for the regulation of assessment policies and governance of the property assessment system used by all urban, northern and rural municipalities in the province. This includes regulating assessment valuation procedures, conducting assessment research, consulting on policy with government, the public, municipal governments and assessment stakeholders, confirming municipal assessment rolls, maintaining a central information database, and undertaking quality assurance functions, including primary and secondary audits.

SAMA consults extensively to ensure the implementation of equitable and understandable assessment policies for property owners. Municipalities and school divisions play an indispensable role in the assessment system and our successes are very much a collective achievement, providing a base to build on as we prepare for the future.

SAMA's Advisory Committees

To improve the efficiency and effectiveness of the Agency's four (urban, rural, city and commercial) advisory committees, the SAMA Board decided to hold joint advisory committee meetings, combining urban with rural, and city with commercial. The first series of joint committee meetings was held in November 2007 and the feedback received to date regarding the new joint meeting format has been favourable.

SAMA Financial Structure

SAMA is responsible for more than \$50 billion in property assessment and a \$1.3 billion property tax base for the Province of Saskatchewan.

Client municipalities contribute to SAMA's assessment services through an annual requisition fee. In 2007, the fee was slightly less than \$5.8 million out of a total budget of \$16.3 million. The SAMA Board did not raise the total amount of municipal requisition fees in 2007 and will not do so in 2008.

The Assessment Management Agency Act provides a funding structure that reflects municipal government, school division and provincial government interests in SAMA and the assessment system. In May 2007, the Act was amended to establish a new funding formula for SAMA with the following percentages:

- (a) the Government of Saskatchewan (through the Ministry of Municipal Affairs) 40%;
- (b) municipalities, 30%; and
- (c) school divisions (through the Ministry of Education), 30%.

Given current funding levels, the new formula will provide for a transition period, anticipated between 2008 and 2010, when additional SAMA funding needs will be shared equally by the Province and Education sectors. Municipal funding levels will remain capped at 2006 levels during this period.

The new funding formula offers the Agency a long-term sustainable financial plan to meet its assessment mandate and strategic directions with improved transparency and accountability to stakeholders. The Board will continue to monitor progress towards the realization of its strategic directions, and, starting with a 2008 Performance Plan, is implementing additional performance objectives to align with them.

SAMA will now be able to obtain long-term commitments for funding from government, municipal and education sectors in the context of a four-year approved financial plan tied to the revaluation cycle and strategic plan. Annual reviews will allow for flexibility and regular Agency accountability.

Ministry of Education funding increased from \$2.5 million in 2006 to \$3.3 million in 2007. The Province pays the education sector requisition on behalf of school divisions through the foundation operating grant program.

Changes to SAMA's Municipal Requisition Formula

The SAMA Board of Directors approved updating the municipal requisition formula on December 6, 2007 to make it more equitable. SAMA's previous requisition formula was based on a municipality's number of properties as of 1997 and each property's average unit service cost. The fixed historical component count used for the requisition resulted in additional properties not being counted into the formula in high-growth municipalities, while smaller municipalities, that may be decreasing in size, were paying on higher than actual property counts.

Highlights of updating the previous municipal requisition formula include:

- Updating property components from 1997 to current levels to make the formula more fair;
- Removing business assessment components as they have not been used by municipalities since 2000; and
- Adding oil and gas wells and assessed farmland residences to RM property counts. These components were previously excluded in the existing formula.

SAMA's current long-term funding plan provides for no overall increase in the municipal requisition until the provincial and school division shares reach their targeted 40% and 30% levels. Until then, the Province and school divisions will share SAMA's annual increased funding requirement equally.

Strategic and Performance Planning

SAMA's Board of Directors continued to monitor progress of its 2005-2009 Strategic Plan. The plan was developed to ensure that:

- The Agency's legislated mandates are met or exceeded;
- Strategic directions initiated by the Board of Directors are addressed; and
- Organizational progress is effectively monitored.

In 2007, strategic directions related to securing stable funding, achieving desired legislative change, and developing a staff recruitment, retention and succession plan were achieved. Other high-level commitments for the future include successfully implementing the 2009 revaluation, ensuring SAMA is served by modern and efficient technology, and enhancing communications and relationships with stakeholders.

The Board continues to monitor progress towards the realization of all its strategic directions, and will continue to work to implement additional Agency performance objectives to align with them.

In 2007, SAMA developed a 2008 Performance Plan, the Agency's first under the Province's accountability framework and guidelines.

Previously, SAMA concentrated on a Program Budget -- focused primarily on accounting for expenditures funded by the Province under section 18(2) of *The Assessment Management Agency Act*.



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SAMA's 2008 Performance Plan focuses on goals and objectives that are relevant to delivering key services: assessment research, the Saskatchewan Property Assessment Network (SPAN), quality assurance, and updating assessed values through maintenance, reinspection and revaluation activities. It centres on Agency improvements for: planning and accountability, workforce development, efficiency, confidence and trust. The performance plan structure will also lead to Agency performance measures and improved reporting to stakeholders.

A Look Ahead to 2009

Property assessments relate the value of a property to local market conditions as of a specific date. Since property values change over time, all assessments are determined according to a base date to ensure fairness. This base date is required to be moved forward every four years by current provincial legislation.

SAMA co-ordinates a full revaluation of all properties in the province every four years to coincide with the new base date. The previous revaluation in the province was completed in 2005, using June 30, 2002 as the base date. The 2009 revaluation will use June 30, 2006 as the base date and will use a market value standard for residential and commercial properties. The 2009 revaluation will align Saskatchewan's assessment system with other assessment jurisdictions throughout Canada.

With each revaluation, after 2009, residential and commercial property values will only vary as local market conditions fluctuate between base dates. The 2009 revaluation also provides the benefit of recognized assessment policy for future revaluations. The previous regulated system experienced property value changes due to market and regulatory changes. By eliminating the impact of regulatory changes, the move to market will introduce greater stability to the assessment system.

Agricultural properties will continue to be assessed using the current regulated system based on productive value, as of a common valuation base date. Heavy industrial property, railway, pipeline and resource production equipment will continue to use a regulated system.

During 2007, SAMA's Assessment Services Division moved from the data collection phase to the analysis phase to develop preliminary values for 2008. Analysis was completed in order to provide preliminary values to the Provincial Government prior to December 31, 2007, for provincial tax policy analysis.

Preliminary values will be provided to SAMA client municipalities by May 31, 2008 for their initial review and will be made available to school divisions shortly after this date. Provided that property tax class percentage of value decisions are reached by Government by mid-September, final values will be provided to municipalities and school divisions by November 30, 2008 for use on their 2009 assessment rolls.

Three Property Valuation Approaches

There are three generally accepted appraisal techniques used to value property in a market value assessment system: the cost approach, the sales comparison approach and the property income approach.

Starting in 2009, each of the three approaches to value will be used in Saskatchewan. To ensure final assessed values are as accurate as possible, professional assessment appraisers will collect and analyze available cost, market and property rental income information and use the valuation approach that provides the best estimates of value for various property types, based on available information.

The **cost approach** is the only method currently allowed in Saskatchewan to value commercial properties. The cost approach estimates the replacement cost of a building, less depreciation, adding land values primarily based on sales. The approach is most useful when there are few comparable sales. The cost approach is also valid in a market value assessment system and will continue to be used in smaller municipalities and for certain property types across Saskatchewan.

The **sales comparison approach** is appropriate for determining property assessments for areas and property types with active sales markets, such as residential property in medium to large cities. Based on the experience of other market value assessment jurisdictions in Canada, the sales comparison approach has limited applicability to commercial properties, except in selected areas and for specific property types with active local sales markets.

The **income approach** to value is based on the premise that the value of a property is directly related to the rental income it will generate. The appraiser analyzes both the property's expenses and ability to produce future income, and then estimates the property's value. Based on the results obtained from other Canadian market value assessment jurisdictions, the property income (rental) approach provides the most fair, reliable and accurate assessed values for commercial property and rental apartments in areas where there are active lease and rental markets.

Provision of Information and Confidentiality

For the income approach to work, appraisers need to collect up-to-date, accurate and comprehensive rental income data to achieve fair, equitable, and stable property assessments.

Assessment jurisdictions across Saskatchewan, including SAMA, recognize it is best to obtain necessary information voluntarily by establishing clear lines of communication and good professional relationships with property owners and the commercial business community.

Existing legislation in *The Cities Act* and the new combined *Municipalities Act* provides the local assessment appraiser with the authority to request necessary cost, sales and property income and expense information for current property assessments, or for preparing future property assessments. Sections in these Acts ensure the confidentiality of requested information.

Support for the Income Approach

By supporting assessment legislation, the SAMA Board, the Province and assessment stakeholders, including commercial stakeholder groups across Saskatchewan, have recognized the importance of providing required cost, sales or property income and expense information. This support is necessary for the long-term success of the market value assessment system.

Governance

As a recipient of public funds and executor of the public trust, SAMA is held to high standards of scrutiny and disclosure. For these and other reasons, SAMA must have systems in place to ensure that its operations and decision-making processes are consistent with public sector standards.

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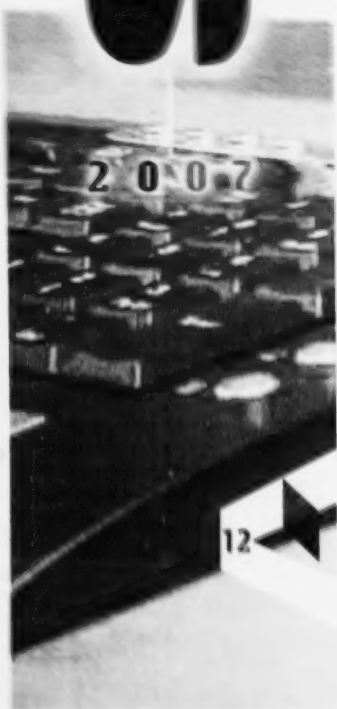
Governance has recently emerged as a critical component of organizational direction and the primary focus for corporate accountability. Effective corporate governance requires each Board Member to contribute his or her individual expertise in the collective best interests of the Agency, its clients and stakeholders, and Saskatchewan property owners.

SAMA's Board of Directors occupies a central position in the governance of the Agency. The Board's general role is to foster the organization's short and long-term success consistent with its mandated objectives and accountability to stakeholders. Maintaining positive relationships internally, amongst ourselves and the Agency's administration, and externally, with our clients, is essential to our success.

Craig Melvin
Chair, Board of Directors



SAMA



2007

Assessment Services

The Assessment Services Division provides valuation services to 783 urban, northern and rural municipalities. It is responsible for the assessed values of approximately 762,800 properties in the province. Core processes include revaluations (every four years), requirements for the move to market, annual maintenance, assessment validations, and general re-inspections.

Annual Maintenance Inspections

SAMA conducts inspections of individual properties that have undergone changes, and recalculates assessment values based on this updated property information.

Assessment Validation

SAMA provides its client municipalities with property assessment expertise to validate assessments at open houses and ratepayer/council meetings and all levels of appeal – i.e. Board of Revision, Saskatchewan Municipal Board and Court of Appeal. SAMA also identifies and monitors precedent-setting assessment appeals that may have policy or procedural implications.

Property Inspection Programs

SAMA maintains detailed property assessment records under the annual maintenance program and the general reinspection program. The annual maintenance program ensures that individual properties with changes are inspected and new assessment values are calculated. Periodically, all properties in the municipality are reviewed under the general reinspection program.

The following is a summary of reinspection activities conducted by SAMA in 2007:

- reinspection of more than 1,268 building improvements;
- more than 27,358 non-industrial property assessments updated and 65,000 industrial property assessments updated under the annual maintenance program;
- general reinspections implemented for four rural and 10 urban municipalities;
- In 2007, a total of 578 property assessment appeals were filed with local Boards of Revision and five of those were appealed to the Saskatchewan Municipal Board.

Throughout 2007, the main focus of the Assessment Services Division was preparing preliminary values for the 2009 Revaluation. Staff worked diligently to provide preliminary values to the provincial government by December 21, 2007 for provincial tax policy analysis.

2007 Maintenance

Municipalities are required to identify individual properties with significant developments or changes that have altered the property's physical date so these changes can be inspected and new assessment values calculated.

Annual maintenance typically begins as the summer reinspection and revaluation programs wind down. SAMA sends client municipalities a letter requesting maintenance lists by September 1 for resort municipalities and October 1 for all other municipalities.

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Delivery of the Spring 2007 annual maintenance program was delayed and the Agency has since taken steps to mitigate a recurrence. Timely delivery of maintenance is one of the services client municipalities expect.

In September 2007, the SAMA Board of Directors adopted a maintenance program performance objective for the Agency. The objective sets April 10 as the date municipalities will receive their finalized maintenance package, provided SAMA receives a municipality's maintenance list by October 1 of the previous year. For cities, SAMA's maintenance package provision date will be March 1 if the October 1 target is met.

Although this goal has been established, maintenance may be delayed for the year 2008 due to the work required to deliver the 2009 revaluation. SAMA is working to meet the requirements of the maintenance program but advised clients in December 2007 that certain targets may not be met.

The Agency's maintenance program performance objective will determine successes and failures and enable the Agency to react to problems in a timely manner. Beyond this objective, SAMA will maintain a broad objective of timely delivery of maintenance results to all our clients and will add or redirect resources to improve service delivery in 2008 and into the future.

The Competitive Assessment Environment

Since 1995, a provision in *The Assessment Management Agency Act* has been made available that allows municipalities, other than the four major cities of Moose Jaw, Prince Albert, Regina and Saskatoon, to use alternative assessment service.

In November 2004, the Province amended this legislation to require that municipalities wishing to undertake their own valuation services receive written consent from all affected school divisions and SAMA. Before this amendment, municipalities were only required to consult with school divisions and receive the written consent of SAMA.

In 2006, one urban municipality (Shellbrook) officially notified the Agency and complied with opting out requirements. Beginning in January 2008, Shellbrook no longer uses SAMA's Assessment Services. As of January 1, 2008, 19 urban municipalities, including the independent cities, did not use SAMA's services.

Information Services

In 2007, the Information Services division enhanced the Agency's property assessment database, the Saskatchewan Property Assessment Network (SPAN), by developing and refining the system's market value and regulated value models, and by applying 2009 revaluation base year figures to existing property values. The division identified urgent work needed to deliver these enhancements and adjusted its budget to maintain enough staff to complete critical work by the Fall of 2007.

The City of Moose Jaw's assessment system was converted to SPAN in the first quarter of 2007. The SPAN team provides ongoing support to the SAMA Moose Jaw regional office, and the service providers who handle 15 of the province's independent municipalities.

Information Services experienced staff turnover, but was able to maintain continuity by hiring highly qualified people within a competitive market. Staff training continued in 2007 and will be a key activity in 2008. Additionally, the division is currently researching business process methods to advance its technology, and the Agency's internal processes, to improve overall service delivery to SAMA's clients.

Imagery Collaborative

SAMA, as part of the Saskatchewan Geospatial Imagery Collaborative (SGIC), entered into an agreement with the Saskatchewan Research Council (SRC) to administer the purchase and distribution of digital imagery over the next several years. The SRC has agreed to take on the administrative responsibilities related to the purchase of the imagery. The SGIC purchased medium resolution imagery for the province in 2007, selected a contractor to collect high-resolution imagery for the province over five years, and selected software to enable the imagery purchased by the SGIC to be Internet accessible.

SAMA's Assessment Services Division requires high quality imagery for its agricultural land inspection program and expects to use it for its urban inspection program. In the past, imagery is either flown for SAMA by a contractor or purchased from other organizations that collect imagery. Digital imagery is relatively easy to share between users and SAMA is moving to a digital standard for its imagery so it can be used for SAMA's ongoing maintenance and reinspection programs and be incorporated in future Geographic Information Systems (GIS) enhancements to SPAN.

SAMA administration also signed an agreement with Pictometry to fly high-resolution imagery for four cities in 2008 as part of a data verification pilot project. Pictometry is the world's largest digital, aerial photography company. The company develops and markets a sophisticated, integrated information system that allows users to have high-resolution images of neighborhoods, landmarks, roads, and complete municipalities from multiple views at the click of a mouse.

New Publications

In March 2007, the SAMA Board of Directors approved three publications for use in preparing 2009 revaluation assessments:

1. *Saskatchewan Assessment Manual (2006 Base Year)*
2. *SAMA's 2006 Cost Guide*
3. *Market Value Assessment in Saskatchewan Handbook*

SAMA's stakeholders, through the Agency's advisory committees, reviewed and contributed to the *Saskatchewan Assessment Manual*. The *Saskatchewan Assessment Manual* has the force of regulation and must be complied with, while the *Cost Guide* and *Market Value Handbook* do not – they are guidelines within the market value standard.

SAMA's *2006 Cost Guide* is a non-regulatory guide to be used as a reference for SAMA assessment appraisers and the public in determining vacant urban land, residential property and selected commercial property assessments for 2009 and beyond.

The *Market Value Assessment in Saskatchewan Handbook* describes best practices, which are applicable in any jurisdiction, for assessing various property types. The handbook is not a regulated manual, but is to be used as a reference for assessment appraisers and the public in determining Saskatchewan assessments for 2009 and beyond.

All publications are available, in full or in part, on SAMA's website at www.sama.sk.ca. Due to copyright licensing requirements with Marshall and Swift, not all chapters in the *Saskatchewan Assessment Manual* and *SAMA's 2006 Cost Guide* are available for viewing. Marshall and Swift is a Los Angeles-based company that provides building cost data necessary for real estate cost valuations. Sections under their copyright can be purchased from SAMA.

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Human Resources

Despite a regional and national shortage of professional property assessment appraisers, SAMA has made moderate gains in filling some of its vacant appraiser positions. The Agency was able to attract several experienced assessment appraisers into previously vacant positions.

As of January 2008, the Agency employed 190 permanent and temporary positions, 130 of which were in the Assessment Services division.

The Agency's Training Assessment Appraiser Program (TAAP) is entering into its third year, and was designed to develop future urban appraisers and address the challenges SAMA has had attracting qualified candidates to regional offices.

Upon completion of this five-year program, the successful candidate will be a fully qualified and accredited assessment appraiser with a remaining three-year service commitment to the Agency. Currently, seven regional SAMA employees are enrolled in the TAAP program: four in Melfort, two in Regina and one in Saskatoon.

SAMA remains committed to working with Lakeland Community College in Vermilion, Alberta to recruit new personnel. Anticipating a scarcity of assessment appraisers, the Agency continues its:

- \$5,000 sponsorship program for a limited number of second-year students at Lakeland Community College (students sign an employment commitment to SAMA);
- \$500 annual bursary, awarded to a first-year student with the highest grade point average in assessment appraisal studies.

A number of training initiatives are planned for 2008 including the income approach, defence of value, uniform standards and practices, residential data collection, and agricultural land data collection.

Recruitment, Retention and Succession Implementation Plan

In March 2006, the Board undertook a strategic commitment to implement a five-year recruitment, retention and succession plan for the Agency. A formal human resources plan was developed and presented to the Board in July 2007.

The Agency's human resources plan was created to address the workforce planning strategy, summarized as follows from SAMA's 2008 Performance Plan:

- To recruit people with the right type of attitude and motivation who are committed to their work, and to build a high performance work environment that helps retain key talent and fully engages the right people.
- To enhance the Agency's recruitment, retention and leadership succession planning to build and sustain a healthy and viable organization.

8,611,651
435,621,720
8,031,465

14
81,739
714

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1,419,471,079
1,061,561,002
45,142,510

Goals of the HR Plan

The human resource plan has four key goals:

1. Engaged and committed employees with the required critical talents.
2. Efficient and effective human resources management processes.
3. Effective training and development programs.
4. Strong leadership capacity for future agency viability.

The success of SAMA's efforts in providing property assessment services within Saskatchewan depends on the knowledge, skills and expertise of our employees, and the Agency's ability to attract and retain a talented and skilled workforce in a highly competitive market.

Confirmation of Assessment Rolls and Assessment Audit

The Quality Assurance Division conducted Confirmation Audits of assessment rolls, and Primary Audits for the majority of municipalities in Saskatchewan to determine compliance with the requirements of the municipal Acts, *The Assessment Management Agency Act*, and the Saskatchewan Assessment Manual.

For the year ending December 31, 2007, SAMA had issued confirmation certificates for 769 municipalities (98% of all received returns for 2007). As at March 1, 2008, there were four municipal assessment rolls in progress for confirmation, and 11 municipal assessment returns were still outstanding. All municipalities passed the 2007 Primary Audit, with their general appraisal level falling within the regulated range (0.98 to 1.02).

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2007 CONFIRMED ASSESSED VALUE TOTALS BY TAX STATUS

as at March 1, 2008

URBAN MUNICIPALITIES

	CITIES	TOWNS	VILLAGES
TAXABLE:			
Non-Arable	389,744	517,640	193,360
Other Agricultural	7,094,324	10,089,833	7,283,796
Residential	11,431,898,970	2,532,780,635	475,903,589
Multi-Unit	2,385,626,974	108,183,630	8,828,890
Seasonal Residential	0	14,943,320	11,942,770
Commercial and Industrial	4,538,926,455	574,559,575	74,437,251
Elevators	31,159,060	54,617,325	8,493,103
Railway R/W and Pipeline	27,481,720	11,452,050	12,323,400
Taxable Total	18,422,577,247	3,307,144,008	599,406,159
EXEMPT:			
Non-Arable	2,540,600	230,120	30,280
Other Agricultural	26,981,456	1,539,760	677,468
Residential	126,881,212	67,904,825	10,857,995
Multi-Unit	70,099,275	4,043,810	1,086,190
Seasonal Residential	0	0	338,730
Commercial and Industrial	4,510,669,693	1,133,602,775	309,113,839
Elevators	899,640	115,725	459,698
Railway R/W and Pipeline	32,169,000	4,441,050	2,387,700
Exempt Total	4,770,240,876	1,211,878,065	324,951,900
PROVINCIAL GRANT-IN-LIEU			
Non-Arable	42,240	200	0
Other Agricultural	930,725	15,510	5,995
Residential	32,084,610	14,861,210	2,822,820
Multi-Unit	146,296,063	11,576,110	2,649,990
Seasonal Residential	0	0	0
Commercial and Industrial	380,974,355	23,893,400	3,175,300
Elevators	0	0	0
Railway R/W and Pipeline	0	121,950	0
Provincial Grant-in-Lieu Total	560,327,993	50,468,380	8,654,105
FEDERAL GRANT-IN-LIEU			
Non-Arable	0	0	0
Other Agricultural	200,525	92,180	0
Residential	25,961,400	2,685,270	1,554,350
Multi-Unit	27,601,780	386,750	379,680
Seasonal Residential	0	0	0
Commercial and Industrial	154,823,103	18,247,000	3,204,900
Elevators	0	0	0
Railway R/W and Pipeline	9,610,040	0	0
Federal Grant-in-Lieu Total	218,196,848	21,411,200	5,138,930

2007 assessed values for Urban, Rural and Northern municipalities are calculated based on the following percentages of fair value for the June 30, 2002 base year:

Non-Arable Land	40%
Other Agricultural	55%
Residential / Seasonal	70%
Multi-Unit Residential	70%
Commercial and Industrial	100%
Elevators	75%
Railway R/W and Pipeline	75%



2007

RESORT VILLAGES	TOTAL URBAN MUNICIPALITIES	RURAL MUNICIPALITIES	NORTHERN MUNICIPALITIES	SASKATCHEWAN ¹ TOTAL
25,360	1,126,104	739,992,501	185,640	741,304,245
85,635	24,553,588	8,234,245,065	872,520	8,259,671,173
97,830,430	14,538,413,624	1,468,828,562	186,976,304	16,194,218,490
428,120	2,503,067,614	26,716,060	11,184,180	2,540,967,854
193,260,056	220,146,146	425,257,244	56,371,040	701,774,430
10,475,800	5,198,399,081	4,276,548,029	247,758,400	9,722,705,510
0	94,269,488	304,244,715	0	398,514,203
22,725	51,279,895	1,864,513,560	182,175	1,915,975,630
302,128,126	22,631,255,540	17,340,345,736	503,530,259	40,475,131,535
35,760	2,836,760	21,432,910	1,968,160	26,237,830
51,260	29,249,944	36,846,483	346,885	66,443,312
1,932,071	207,576,103	810,691,958	18,193,170	1,036,461,231
0	75,229,275	1,302,350	397,880	76,929,505
3,188,290	3,527,020	22,644,167	5,356,330	31,527,517
5,613,700	5,959,000,007	777,615,408	115,698,480	6,852,313,895
0	1,475,063	26,190,896	0	27,665,959
0	38,997,750	148,563,065	0	187,560,815
10,821,081	6,317,891,922	1,845,287,237	141,960,905	8,305,140,064
0	42,440	34,729,545	0	34,771,985
0	952,230	3,307,030	0	4,259,260
192,640	49,961,280	911,470	126,070	50,998,820
0	160,522,163	0	0	160,522,163
0	0	2,730	16,660	19,390
1,590,300	409,633,355	49,648,189	15,375,620	474,657,164
0	0	0	0	0
0	121,950	29,253,900	0	29,375,850
1,782,940	621,233,418	117,852,864	15,518,350	754,604,632
0	0	90,900,400	0	90,900,400
0	292,705	6,253,390	0	6,546,095
0	30,201,020	5,908,000	1,808,100	37,917,120
0	28,368,210	4,476,780	284,410	33,129,400
0	0	0	560	560
0	176,275,003	84,566,600	4,390,900	265,232,503
0	0	0	0	0
0	9,610,040	5,510,400	0	15,120,440
0	244,746,978	197,615,570	6,483,970	448,846,518

¹ Assessment rolls for 2007 have not been confirmed as at March 1, 2008 for the following municipalities, therefore their aggregate assessed values are not included in the 2007 assessment totals in the above table:

N. Village of Cole Bay
N. Village of Jans Bay
N. Village of Pelican Narrows
Resort Village of Candle Lake
R.M. of Souris Valley No. 007

Village of Aneroid
Village of Duff
Village of Eyebrow
Village of Gladmar
Village of Macrorie

Village of Mervin
Village of Netherhill
Village of Rockhaven
Village of Togo
Village of Willowbrook

2005-2007 CONFIRMED TAXABLE ASSESSMENT TOTALS

as at March 1, 2008

URBAN MUNICIPALITIES

	CITIES	DISTRICTS	RESORTS, TOWNS AND VILLAGES	URBAN MUNICIPALITIES TOTAL	RURAL MUNICIPALITIES TOTAL	NORTHERN MUNICIPALITIES TOTAL	SASKATCHEWAN TOTAL
2005	17,934,119,595	46,504,825	4,103,077,016	22,083,701,436	16,956,067,662	475,091,809	39,514,860,907 ¹⁴
PERCENT CHANGE 2004-05	7.31	0	6.76	7.43	4.12	9.31	6.01
2006	18,193,715,434	0	4,221,384,758	22,415,100,192	17,159,104,090	491,206,054	40,065,410,336 ¹³
PERCENT CHANGE 2005-06	1.45	0	2.88	1.50	1.20	3.39	1.39
2007	18,422,577,247	0	4,208,678,293	22,631,255,540	17,340,345,736	503,530,259	40,475,131,535 ¹²
PERCENT CHANGE 2006-07	1.26	0	-0.30	0.96	1.06	2.51	1.02

¹2005-2007 assessed values are calculated based on the following percentages of fair value for the June 30, 2002 base year:

Urban, Rural and Northern Municipalities:

Non-Arable Land	40%	Commercial and Industrial	100%
Other Agricultural	55%	Elevators	75%
Residential/Seasonal	70%	Railway R/W and Pipeline	75%
Multi-Unit Residential	70%		

²Assessment rolls for 2007 have not been confirmed as at March 1, 2008 for the following municipalities, therefore their aggregate taxable assessed values are not included in the 2007 assessment totals in the above table:

N. Village of Cole Bay	Village of Aneroid	Village of Mervin
N. Village of Jans Bay	Village of Duff	Village of Netherhill
N. Village of Pelican Narrows	Village of Eyebrow	Village of Rockhaven
Resort Village of Candle Lake	Village of Gladmar	Village of Togo
R.M. of Souris Valley No. 007	Village of Macrorie	Village of Willowbrook

³Assessment rolls for 2006 have not been confirmed as at March 1, 2008 for the following municipalities, therefore their aggregate taxable assessed values are not included in the 2006 assessment totals in the above table:

Village of Gladmar	Village of Togo
Village of Lang	N. Village of Cole Bay
Village of Rockhaven	N. Village of Jans Bay

⁴Assessment rolls for 2005 have not been confirmed as at March 1, 2008 for the following municipalities, therefore their aggregate taxable assessed values are not included in the 2005 assessment totals in the above table:

N. Village of Cole Bay	Village of Ridgedale
N. Village of Jans Bay	Village of Rockhaven
Village of Girvin	

ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

CITY ADVISORY COMMITTEE - AS AT DECEMBER 31, 2007

The City Advisory Committee is responsible for cities with a population exceeding 30,000 (Moose Jaw, Prince Albert, Regina, and Saskatoon).

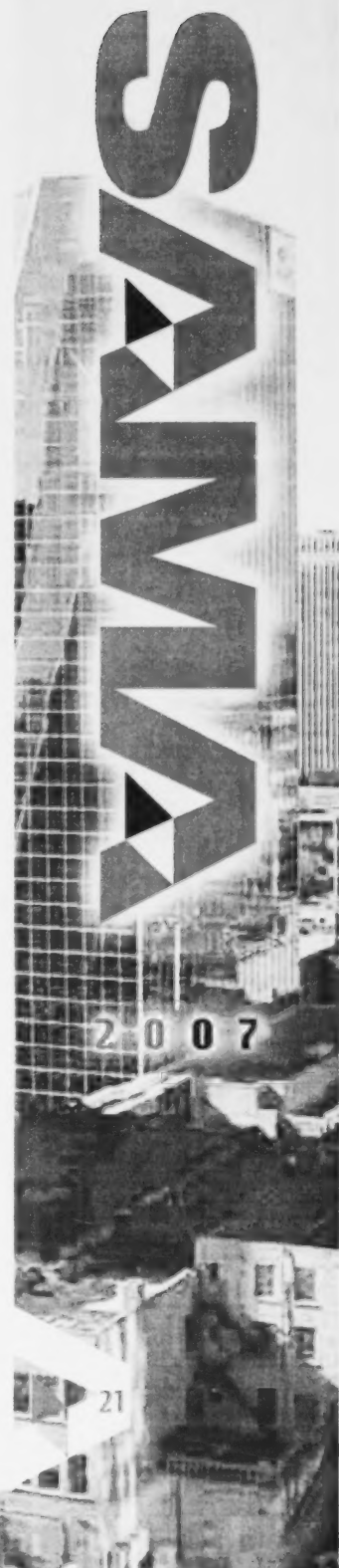
MEMBER	ORGANIZATION
Fred Clipsham, Committee Chair	SAMA Board Member, City Sector
Dan Danielson	SAMA Board Member
Craig Melvin	SAMA Board Chair
Rick Brunsdon (non-voting)	SAMA Board Member
Carol Carson (non-voting)	SAMA Board Member
Dale McBain	City of Moose Jaw
Garry McKay	City of Moose Jaw
Fred Matheson	City of Prince Albert
Greg Dionne	City of Prince Albert
Pat Fiacco	City of Regina
Vivian Lund	City of Regina
Pat Lorie	City of Saskatoon
Marlys Bilanski	City of Saskatoon
Allan Earle	Saskatchewan Urban Municipalities Association, President
Mike St. Amand	Saskatchewan School Boards Association, Trustee
Mike Schulowsky	Saskatchewan Assessment Appraisers' Association

OBSERVERS:

Maryellen Carlson	Ministry of Municipal Affairs
John Edwards	Ministry of Municipal Affairs
Velma Geddes	Saskatchewan School Boards Association, Administrator
Laurent Mougeot	Saskatchewan Urban Municipalities Association, Executive Director
Vacant	City of Moose Jaw
Joe Day	City of Prince Albert
Don Barr	City of Regina
Vacant	City of Regina
Gord Lawson	City of Saskatoon

ADMINISTRATIVE SUPPORT:

Irwin Blank, CEO	SAMA
Brad Korbo, Committee Secretary	SAMA



COMMERCIAL ADVISORY COMMITTEE – AS AT DECEMBER 31, 2007

The Commercial Advisory Committee is responsible for reviewing policies and practices respecting assessment, especially as they relate to commercial property, and to make recommendations to the Board concerning these policies and practices.

MEMBER	ORGANIZATION
Craig Melvin, Committee Chair	SAMA Board Chair
Fred Clipsham (non-voting)	SAMA Board Member, City Sector
Sharon Armstrong (non-voting)	SAMA Board Member, Urban Sector
John Wagner (non-voting)	SAMA Board Member, Rural Sector
Dan Danielson (non-voting)	SAMA Board Member, Education Sector
Rick Brunsdon (non-voting)	SAMA Board Member
Art Scherr (non-voting)	SAMA Board Member
John Kearley	Saskatoon Broadway Business Improvement District
Tracy Fahlman	Regina Downtown Business Improvement District
Alan Migneault	Saskatoon Regional Economic Development Authority
Rob Lawrence	Association of Saskatchewan REALTORS
Ken Suchan	Association of Saskatchewan REALTORS
Ted Hillstead	Saskatchewan Chamber of Commerce
John Hopkins	Regina & District Chamber of Commerce
Marilyn Braun-Pollon	Canadian Federation of Independent Business
Laurie Ell	Building Owners and Managers Association
Ken Love	Canadian Property Tax Association
Alan Thomarat	Saskatchewan Home Builders' Association
Tom Mullin	Saskatchewan Hotel & Hospitality Association
Archie Cameron	National Golf Course Owners Association, Saskatchewan Chapter
Garth Gish	Inland Terminal Association of Canada
Pat Earl	Western Grain Elevator Association Tax Committee
Richard Johnston	Canadian Energy Pipeline Association
Dave Loader	Canadian Association of Petroleum Producers
Darrell Zwarych	Saskatchewan Mining Association
Kevin Olmstead	Railway Association of Canada
Tyler Lloyd	Tourism Saskatchewan
Mike Schulowsky	Saskatchewan Assessment Appraisers' Association
Grace Muzyka	Saskatchewan Association of the Appraisal Institute of Canada
OBSERVERS:	
Norm Magnin	Ministry of Municipal Affairs
Colleen Mackenzie	Ministry of Enterprise and Innovation, Industry Development
Ken Dueck	Ministry of Energy and Resources, Industrial Policy
Don Barr	City of Regina
Gord Lawson	City of Saskatoon
Joe Day	City of Prince Albert
Vacant	City of Moose Jaw
Cameron Duncan	City of North Battleford
Mike Kehler	City of Swift Current
Irwin Blank	SAMA CEO
ADMINISTRATIVE SUPPORT:	
Stuart McDonald,	
Committee Secretary	SAMA

RURAL ADVISORY COMMITTEE – AS AT DECEMBER 31, 2007

The Rural Advisory Committee is responsible for rural municipalities.

MEMBER	ORGANIZATION
John Wagner, Committee Chair	SAMA Board Member, Rural Sector
Darryl Senecal	SAMA Board Member, Rural Sector
Sharon Armstrong	SAMA Board Member
Craig Melvin	SAMA Board Chair
Ray Sass (non-voting)	SAMA Board Member
Carol Carson (non-voting)	SAMA Board Member
Ron Thomas (non-voting)	SAMA Board Member
Doug Oleksyn	R.M. of Shellbrook No. 493
Vacant	R.M. Representative
Gordon Meyer	R.M. of Progress No. 351
Delbert Schmidt	R.M. of Longlakton No. 219
Morgan Powell	R.M. of Miry Creek No. 229
Gordon Ake	R.M. of Sasman No. 336
Ray Orb	Saskatchewan Association of Rural Municipalities, Board Member
Richard Eberts	Provincial Association of Resort Communities
Jack Rowsell	Saskatchewan School Boards Association, Trustee
Murray Hovland	Saskatchewan Assessment Appraisers' Association

OBSERVERS:

Mark Brothen	Ministry of Municipal Affairs
Ken Engel	Saskatchewan Association of Rural Municipalities, Executive Director
Rod Quintin	Saskatchewan School Boards Association, Administrator
Kim McIvor	Rural Municipal Administrators Association of Saskatchewan
Barb Zelinski	R.M. of Cormack Park No. 344, Administrator
Irwin Blank	SAMA CEO

ADMINISTRATIVE SUPPORT:

Steve Suchan, Committee Secretary SAMA

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URBAN ADVISORY COMMITTEE - 855/81 DECEMBER 31, 2007

The Urban Advisory Committee is responsible for urban and northern municipalities, excluding cities with a population exceeding 30,000.

MEMBER	ORGANIZATION
Sharon Armstrong, Committee Chair	SAMA Board Member, Urban Sector
Fred Clipsham	SAMA Board Member, City Sector
Dan Danielson	SAMA Board Member
Craig Melvin	SAMA Board Chair
Ron Thomas (non-voting)	SAMA Board Member
Darryl Senecal (non-voting)	SAMA Board Member
Art Scherr (non-voting)	SAMA Board Member
Randy Goulden	City of Yorkton
Sandy Larson	City of Swift Current
Fran Passmore	Town of White City
Anne Weisgerber	Town of Maple Creek
Larry Hall	Village of Buena Vista
Gary Kayter	Village of Dysart
Allan Earle	Saskatchewan Urban Municipalities Association, President
Vern Noble	Provincial Association of Resort Communities of Saskatchewan
Rosalie Payne	Saskatchewan School Boards Association, Trustee
Michael Kehler	Saskatchewan Assessment Appraisers' Association

OBSERVERS:	
Keith Munce	Ministry of Municipal Affairs
Laurent Mougéon	Saskatchewan Urban Municipalities Association, Executive Director
Jonel Diederichs	Saskatchewan School Boards Association, Administrator
Rodney Audette	Urban Municipalities Administrators Association of Saskatchewan
Bob Smith	City Commissioner
Irwin Stark, CEO	SAMA

ADMINISTRATIVE SUPPORT:

Shaun Cooney, Committee Secretary	SAMA
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AUDITORS' REPORT

To the Board of Directors of
Saskatchewan Assessment Management Agency

We have audited the balance sheet of Saskatchewan Assessment Management Agency as at December 31, 2007 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Robert A. Trench LLP

Chartered Accountants

Regina, Saskatchewan
February 15, 2008

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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

BALANCE SHEET

As at December 31, 2007

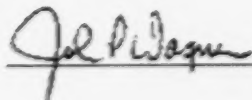
	2007	2006
CURRENT ASSETS		
Cash	\$ 584,498	\$ 794,259
Accounts receivable and accrued interest	143,336	365,870
Saskatchewan Learning grant receivable	831,498	625,003
Province of Saskatchewan grant receivable	665,250	458,750
Prepaid expenses	218,074	185,211
	<u>2,442,656</u>	<u>2,429,093</u>
CAPITAL ASSETS (Note 4)	4,376,661	4,982,088
	<u>\$ 6,819,317</u>	<u>\$ 7,411,181</u>
CURRENT LIABILITIES		
Accounts payable	\$ 500,099	\$ 637,873
Deferred revenue	254,177	193,636
Current portion of deferred contributions related to SPAN (Note 6)	578,752	578,752
Demand loan related to SPAN	-	742,181
	<u>1,333,028</u>	<u>2,152,442</u>
DEFERRED CONTRIBUTIONS (Note 6)	362,960	504,242
DEFERRED CONTRIBUTIONS RELATED TO SPAN (Note 6)	3,452,478	3,041,230
	<u>\$ 4,117,438</u>	<u>\$ 3,545,472</u>
NET ASSETS		
Net assets invested in capital assets	345,431	619,925
Internally restricted net assets (Note 7)	1,175,103	976,851
Unrestricted net assets	152,327	116,491
	<u>1,672,861</u>	<u>1,713,267</u>
	<u>\$ 6,819,317</u>	<u>\$ 7,411,181</u>

See accompanying notes

APPROVED BY THE BOARD



Director



Director

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY
STATEMENT OF REVENUES AND EXPENSES

Year ended December 31, 2007

	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
REVENUES			
Province of Saskatchewan operating grant	\$ 5,341,000	\$ 5,341,000	\$ 4,715,000
Province of Saskatchewan restricted grant (Notes 5 and 6)	1,320,000	1,052,044	912,330
Requisitions from municipalities	5,752,000	5,799,530	5,799,530
Requisitions from Sask. Learning on behalf of school divisions	3,326,000	3,326,000	2,500,000
Fees	130,000	200,361	177,996
Interest	30,000	107,047	93,690
Appraisal and assessment services	384,500	426,054	765,439
Miscellaneous	107,000	76,165	102,019
	16,390,500	16,328,201	15,066,004
EXPENSES			
Aerial photography	77,250	170,000	2,670
Amortization (Note 4)	1,137,620	749,896	745,216
Bank charges	10,300	18,026	16,562
Communications	50,340	45,375	39,653
Computer software, supplies and services	951,880	1,356,047	1,378,479
Insurance	12,360	22,907	17,409
Interest	-	11,942	36,544
Land titles information	265,600	232,188	183,524
Office expenses other than rent	490,910	607,935	561,476
Printing	178,320	184,558	83,903
Professional	171,270	51,488	252,183
Rent	737,700	789,202	738,941
Salaries and benefits	11,250,540	11,385,072	10,298,922
Staff training and development	245,220	270,503	391,771
Travel and accommodation	811,190	473,468	606,049
	16,390,500	16,368,607	15,353,302
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ (40,406)	\$ (287,298)

See accompanying notes

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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2007

	Invested in Capital Assets	Internally Restricted Net Assets (Note 7)	Unrestricted Net Assets	2007 Total	2006 Total
NET ASSETS, BEGINNING OF YEAR	\$ 619,925	\$ 976,851	\$ 116,491	\$ 1,713,267	\$ 2,000,565
Deficiency of revenues over expenses	(171,144) ⁽¹⁾	—	130,738	(40,406)	(287,298)
Transfers, net	(247,819)	198,252	49,567	—	—
Investment in capital assets	144,469	—	(144,469)	—	—
NET ASSETS, END OF YEAR	\$ 345,431	\$ 1,175,103	\$ 152,327	\$ 1,672,861	\$ 1,713,267

See accompanying notes

(1)

Consists of:

Amortization of
deferred contributions
related to capital
assets (Note 6)

\$ 578,752

Amortization
expense (Note 4)

(749,896)

Decrease in net
assets invested in
capital assets

(171,144)

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

STATEMENT OF CASH FLOWS

Year ended December 31, 2007

	2007	2006
OPERATING		
Deficiency of revenues over expenses	\$ (40,406)	\$ (287,298)
Items not affecting cash		
Amortization of capital assets (Note 4)	749,896	745,216
Amortization of deferred SPAN contributions (Note 6)	(578,752)	(578,752)
	<u>130,738</u>	<u>(120,834)</u>
Changes in non-cash working capital		
Accounts receivable and accrued interest	222,534	(206,434)
Saskatchewan Education grant receivable	(206,495)	(625,003)
Province of Saskatchewan grant receivable	(206,500)	-
Prepaid expenses	(32,863)	39,381
Accounts payable	(137,774)	105,763
Deferred revenue	60,541	193,636
Deferred contributions	(143,292)	(3,578)
	<u>(313,111)</u>	<u>(617,069)</u>
INVESTING		
Purchase of capital assets	(144,469)	(365,805)
SPAN contributions received (Note 6)	990,000	990,000
	<u>845,531</u>	<u>624,195</u>
FINANCING		
Repayment on demand loan	(742,181)	(919,343)
	<u>(742,181)</u>	<u>(919,343)</u>
DECREASE IN CASH	(209,761)	(912,217)
CASH, BEGINNING OF YEAR	794,259	1,706,476
CASH, END OF YEAR	\$ 584,498	\$ 794,259

See accompanying notes

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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

1. STATUTORY AUTHORITY

The Saskatchewan Assessment Management Agency ("SAMA") was established under the authority of *The Assessment Management Agency Act* ("AMA") on March 1, 1987.

2. CHANGES IN ACCOUNTING POLICIES

Financial instruments

The Agency adopted the following recommendations of CICA Handbook:

- a) Section 3855, Financial Instruments - Recognition and Measurement. This Section describes the standards for recognizing and measuring financial instruments in the statement of financial position and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.
- b) Section 3861, Financial instruments - Disclosure and Presentation. This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

The Agency has made the following classifications:

- Cash, accounts receivable and accrued interest and grants receivable are classified as financial assets available-for-sale and are measured at fair value.
- Accounts payable and deferred contributions are classified as other liabilities and measured at amortized cost using the effective interest method.

Transaction costs

Transaction costs will be capitalized to the cost of financial assets and liabilities classified as other than held for trading.

These new standards were applied prospectively as of January 1, 2007 without restatement of prior years' figures. There were no adjustments made to the balance sheet as of January 1, 2007 upon the adoption of these standards.

Future accounting changes

On December 1, 2006, the Canadian Institute of Chartered Accountants issued Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535 Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007.

2. CHANGES IN ACCOUNTING POLICIES (continued)

Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the Agency's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the Agency is exposed during the period and at the balance sheet date, and how the Agency manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about the Agency's objectives, policies and processes for managing capital.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles ("GAAP") and reflect the following significant accounting principles:

a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

b) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the diminishing balance method, except for leasehold improvements and mainframe computer equipment, which are being amortized using the straight-line method over the lease term and lives of the assets, respectively.

c) Computer Software Development Costs

Computer software development costs are expensed unless they meet the criteria for capitalization provided for under GAAP. Costs are capitalized only to the extent that their recovery is reasonably assured. These costs are amortized over the anticipated period of benefit beginning when the development reaches substantial completion.

Expenditures related to the development of the Saskatchewan Property Assessment Network ("SPAN") are being capitalized. The project, which began in June 2002 and was substantially completed in January 2005, allowed the Agency to modernize the computer system used for provincial property assessment. Costs directly related to the project have been capitalized, with the exception of those related to training. The determination of future benefit to be realized from the project is one that involves significant management judgment.

d) Reserves

Reserves are established by Board approval through appropriations of unrestricted net assets.

e) Revenue Recognition

SAMA follows the deferral method of accounting for grants and other contributions received from the Province of Saskatchewan. Approved operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued.

Externally restricted contributions for future expenses are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions for capital assets are deferred and recognized as revenue in the period the related amortization of the capital assets occurs.

SAMA

2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and SAMA's designation of such instruments. Settlement date accounting is used.

Classification:

Cash	Available-for-sale
Accounts receivable and accrued interest	Available-for-sale
Grants receivable	Available-for-sale
Accounts payable	Other liabilities
Deferred revenue	Other liabilities
Deferred contributions	Other liabilities

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held to maturity or held for trading investments. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in fund balances until realized when the cumulative gain or loss is transferred to other income. Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

Transaction costs

Transaction costs related to available-for-sale financial assets and other liabilities are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

Foreign exchange risk

SAMA does not have any significant exposure to foreign exchange risk.

Interest rate risk

SAMA is exposed to interest rate risk arising from fluctuations in interest rates and the degree of volatility in these rates. SAMA does not use derivative instruments to reduce its exposure to interest rate risk.

Credit risk

SAMA is not dependent on any single customer or group of customers. There is no concentration of credit risk related to SAMA's accounts receivable.

4. CAPITAL ASSETS

December 31, 2007

	Rate	Cost	Accumulated Amortization	Net Book Value
Mainframe computer equipment	1/5	\$ 113,955	\$ 113,955	\$ -
Desktop computer equipment	40%	1,734,999	1,592,307	142,692
Furniture and equipment	20%	694,052	540,141	153,911
Leasehold improvements	1/5	463,900	435,103	28,797
SPAN system	1/10	5,940,000	1,888,739	4,051,261
		\$ 8,946,906	\$ 4,570,245	\$ 4,376,661

4. CAPITAL ASSETS (continued)

December 31, 2006				
	Rate	Cost	Accumulated Amortization	Net Book Value
Mainframe computer equipment	1/5	\$ 113,955	\$ 113,955	\$ -
Desktop computer equipment	40%	1,662,707	1,497,180	165,527
Furniture and equipment	20%	663,660	501,664	161,996
Leasehold improvements	1/5	422,117	397,564	24,553
SPAN system	1/10	5,940,000	1,309,988	4,630,012
		\$ 8,802,439	\$ 3,820,351	\$ 4,982,088

Amortization expense for the year comprised the following:

	2007	2006
Amortization of equipment and leasehold improvements	\$ 171,144	\$ 166,464
Amortization of SPAN system	578,752	578,752
	\$ 749,896	\$ 745,216

5. DEFERRED CONTRIBUTIONS

Under Section 18(3) of AMA, the Agency is entitled to receive additional funding from the Province of Saskatchewan subject to any terms and conditions that the Minister may prescribe. A restricted contribution has been received for the development of the 'income approach' for commercial assessment. The Agency is required to demonstrate to the Province that the conditions attached to the funding are being met. Deferred contributions represent unspent resources from this externally restricted funding.

	2007	2006
Deferred contributions, beginning of year	\$ 504,242	\$ 507,820
Restricted contribution received during the year	330,000	330,000
Eligible expenditures during the year	(473,292)	(333,578)
Deferred contributions, end of year	\$ 360,950	\$ 504,242

6. DEFERRED CONTRIBUTIONS RELATED TO SPAN

In 2007, the Agency received a restricted contribution for the development and implementation of SPAN. The Agency is required to demonstrate to the Province that the conditions attached to the funding are being met.

	2007	2006
Deferred contributions, beginning of year	\$ 3,619,982	\$ 3,208,734
Restricted contribution received during the year	990,000	990,000
Amortization of deferred contributions	(578,752)	(578,752)
Deferred contributions, end of year	4,031,230	3,619,982
Current portion	(578,752)	(578,752)
	\$ 3,452,478	\$ 3,041,230

During the year, SPAN capitalized expenditures were nil (2006 - \$181,116).

7. INTERNALLY RESTRICTED NET ASSETS

	2007	2006
Reserve for communications	\$ 50,000	\$ 50,000
Reserve for computer enhancements	338,803	530,067
Reserve for professional fees	556,300	341,784
Reserve for travel	230,000	55,000
	\$ 1,175,103	\$ 976,851

7. INTERNALLY RESTRICTED NET ASSETS (continued)

a) Reserve for Communications

A reserve has been established to provide for the purchase of goods and services required for communication related to the assessment revaluation system. There were no charges to the reserve in the current or prior year.

b) Reserve for Computer Enhancements

A reserve has been established to provide for the purchase of computer software and equipment necessary for assessment revaluation processes. In 2007, \$75,000 (2006 - \$60,000) was transferred to the reserve and approved expenditures were \$266,265 (2006 - 238,942).

c) Reserve for Professional Fees

A reserve has been established to provide for the purchase of legal, appraisal and other professional services related to property appeals and defense of value arising from assessment revaluations. In 2007, \$380,750 (2006 - \$160,000) was transferred to the reserves and approved expenditures were \$166,234 (2006 - \$184,630).

d) Reserve for Travel

A reserve has been established to provide for travel costs that will be incurred relating to the physical reinspection of property in municipalities. In 2007, \$175,000 (2006 - nil) was transferred to the reserves. There were no charges to the reserve in the current or prior year.

8. COMMITMENTS

The Agency has leased premises in locations in Regina, Saskatoon, Yorkton, Weyburn, Melfort, Swift Current, Moose Jaw and North Battleford. The leases are to expire between 2007 and 2016. Annual lease payments over the next five years are as follows:

2008	\$ 654,822
2009	663,228
2010	597,072
2011	546,491
2012	526,136

Also, the Agency leases certain equipment under an operating lease with annual payments of \$29,280. These lease payments expire on December 1, 2010.

9. PENSION EXPENSE

Employees of the Agency belong to one of two pension plans. Employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan ("PEPP"), a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the Agency. Employees hired prior to October 1, 1977, who did not elect to transfer to the PEPP by October 1, 1978, make contributions to the Public Service Superannuation Plan ("PSSP"), a defined-benefit plan. The plan provides for pensions at retirement that are based on employees' years of service and their highest five years' earnings. Pension obligations for this plan are the responsibility of the Province of Saskatchewan's - General Revenue Fund.

The total pension cost to the Agency for employees in PEPP was \$565,626 (2006 - \$489,510).

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Management Agency

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10. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Agency by virtue of common control by the Province of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Province of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	2007	2006
Operating expenses	\$ 1,797,613	\$ 1,592,282
Accounts receivable	2,433	11,077
Accounts payable	44,222	69,687

In addition, the Agency pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

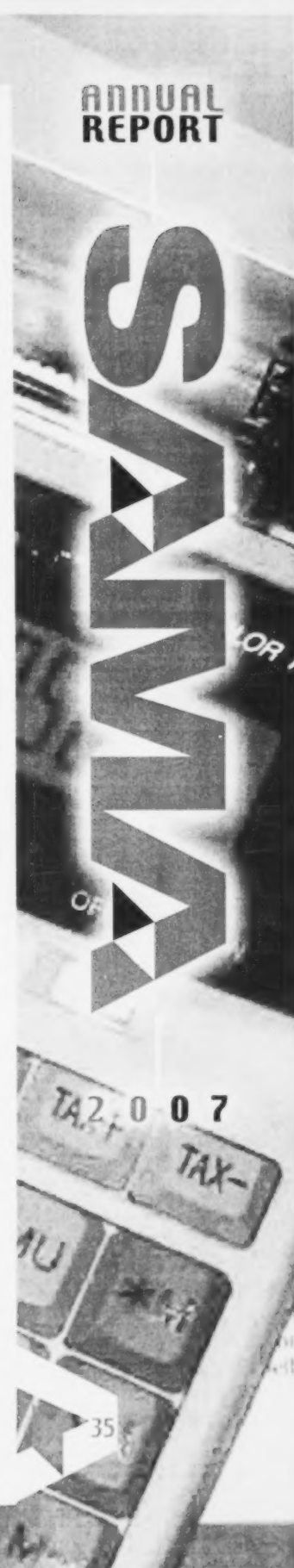
Other amounts and transactions due to (from) related parties and the terms of settlement are described separately in these financial statements and notes thereto.

11. ECONOMIC DEPENDENCE

SAMA is economically dependent on the Province of Saskatchewan due to the extent of its funding of the Agency's operations (60%) and the SPAN project (100%).

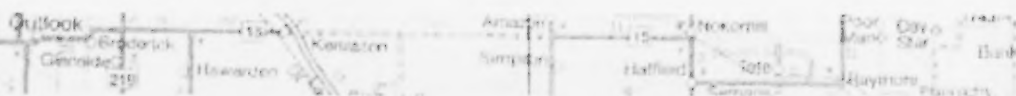
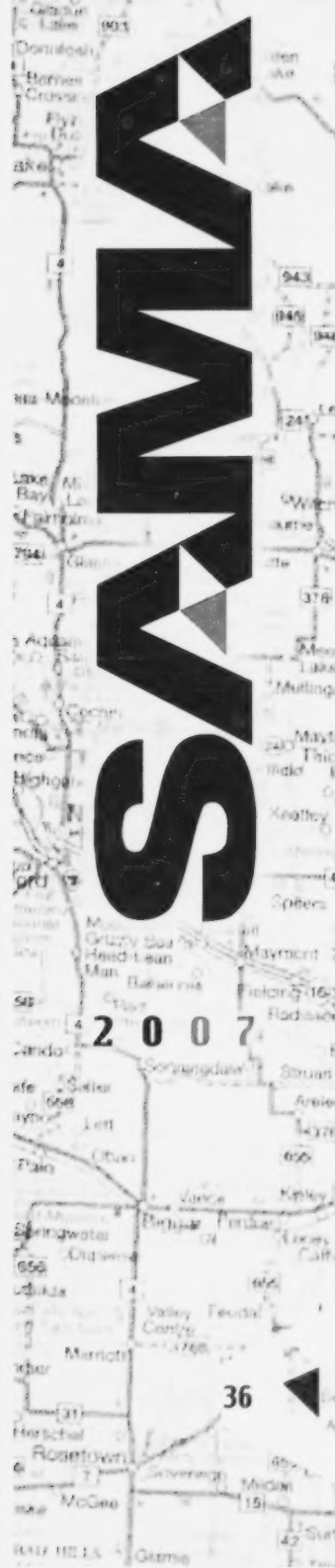
12. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted for the current year.



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NOTES



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